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QUESTION OF THE REALIZATION IN ALL COUNTRIES OF THE ECONOMIC, SOCIAL AND CULTURAL RIGHTS CONTAINED IN THE UNIVERSAL DECLARATION OF HUMAN RIGHTS AND IN THE INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, AND STUDY OF SPECIAL PROBLEMS WHICH THE DEVELOPING COUNTRIES FACE IN THEIR EFFORTS TO ACHIEVE THESE HUMAN RIGHTS, INCLUDING PROBLEMS RELATED TO THE RIGHT TO ENJOY AN ADEQUATE STANDARD OF LIVING; FOREIGN DEBT, ECONOMIC ADJUSTMENT POLICIES AND THEIR EFFECTS ON THE FULL ENJOYMENT OF HUMAN RIGHTS AND, IN PARTICULAR, ON THE IMPLEMENTATION OF THE DECLARATION ON THE RIGHT TO DEVELOPMENT

Comprehensive report of the Secretary-General prepared in pursuance of Commission on Human Rights resolution 1993/12

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Introduction

1. At its forty-ninth session, the Commission on Human Rights, aware that the serious problem of foreign debt remained one of the most acute factors adversely affecting economic and social development and the living standards of the inhabitants in many developing countries, with serious effects of a social nature, and concerned about the repercussions of structural adjustment programmes in the realization of economic, social and cultural rights, adopted resolution 1993/12 in which it expressed its appreciation for the study on the realization of economic, social and cultural rights prepared by the Special Rapporteur of the Sub-Commission on Prevention of Discrimination and Protection of Minorities, Mr. Danilo Türk.

2. In paragraph 5 of the resolution, the Commission requested the Secretary-General to submit, in consultation with Governments, specialized agencies and intergovernmental and non-governmental organizations concerned, a report to the Commission at its fiftieth session on the repercussions and prospects of the debt crisis and adjustment programmes on the effective enjoyment of economic, social and cultural rights of developing countries.

3. In pursuance of Commission resolution 1993/12, the Secretary-General addressed a note verbale on 4 October 1993 to Governments and a letter, also dated 4 October, to United Nations bodies and specialized agencies as well as to intergovernmental and non-governmental organizations on the subject of the repercussions and prospects of the debt crisis and adjustment programmes on the effective enjoyment of economic, social and cultural rights of developing countries.

4. The present report contains the information and comments on the above subject received as of 6 December 1993 from the following:

(a) Governments: Czech Republic, Pakistan, Yugoslavia;

(b) United Nations bodies and specialized agencies: Department for Economic and Social Information and Policy Analysis; Department for Policy Coordination and Sustainable Development; United Nations Conference on Trade and Development; United Nations Development Programme; United Nations Environment Programme; United Nations University; World Food Programme; United Nations Centre for Human Settlements; International Trade Centre; World Bank; International Monetary Fund; General Agreement on Tariffs and Trade;

(c) Intergovernmental organizations: Commission of the European Communities; Inter-American Court of Human Rights; League of Arab States; Organization for Economic Cooperation and Development;

(d) Non-governmental organizations: Afro-Asian People's Solidarity Organization; American Association of Jurists; Defence for Children International; General Arab Women Federation; Grand Council of the Crees; International Association of Educators for World Peace; International Confederation of Free Trade Unions; International Council for Adult Education; International Federation of University Women; International Federation Terre

des Hommes; Inter-Parliamentary Union; Service Justice and Peace in Latin America; Women's International League for Peace and Freedom; World Young Women's Christian Association;

(e) Other organizations: Environmental Development Action in the Third World; Joint Conference Church and Development; The Arias Foundation for Peace and Human Progress.

5. The substantive replies are summarized in chapters I to V of the present report.

6. Any additional comments which are received by the Secretary-General pursuant to his request will be submitted in addenda to this report.

I. GOVERNMENTS

Czech Republic

[23 November 1993]
[Original: English]

The Czech Republic transmitted the following information:

1. Data on foreign debts of the Czech Republic in relation to GDP and incomes from exports of goods and services:

	1991	1992	1993	1994
Foreign debts (US$)	6 300	6 900	8 500*	9 000*
Share of foreign debt as per cent of GDP	25.8	26.5	28.3	26.7*

2. The share of foreign debt as a percentage of income from exports of goods and services declined from 77 per cent in 1991 to 60 per cent in 1994.

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* Estimated.

3. The share of debt service, i.e., the payment of principal and interest from foreign debts in total income from annual exports of goods and services in the Czech Republic amounts to less than 20 per cent in all mentioned years.

4. The revealed data show that the effect of foreign debt on the resources of the Czech Republic is not so great as a result of prudence in foreign-debt policy.

Pakistan

[24 November 1993]
[Original: English]

The Government of Pakistan transmitted the following information:

1. In 1992, the total external debt of all developing countries increased to $1,703 billion from $1,608 billion at the end of 1991. This $95 billion increase is larger than the increase in 1991 of $71 billion.

2. In the case of Pakistan, the outstanding debt at $17.4 billion at the end of the fiscal year 1992 constituted about 35.2 per cent of GNP and 166.6 per cent of foreign exchange earnings in 1991-1992. The debt service ratio constituted 3.2 per cent of GNP, 23 per cent of merchandise exports and 15.2 per cent of total foreign exchange earnings of the country in 1991-1992. The increasing debt service payments have exercised a significant effect on the net transfer of foreign resources. The net amount of resources transferred from abroad, which stood at 91 per cent and 90 per cent of

gross disbursements during the Second and Third Plan periods (1960-1961 to 1969-1970), declined to 64 per cent in 1975-1976. Since then there has been a trend towards decline and net transfers reached a level as low as 3 per cent in 1986-1987.

Shortcomings in the adjustment process

3. The setbacks of the 1980s, exposed the structural weaknesses of developing countries and showed that appropriate macroeconomic policies are indispensable to provide a stable basis for day-to-day decision-making. The crisis has made it even more urgent to undertake structural reforms in order to strengthen the performance of the public sector and its resource-generating capacity, improve tax systems and create a stable environment in which the private sector can play its role in line with national priorities. However, the adjustment reforms undertaken by developing countries during the 1980s were frustrated by an unbalanced international approach towards structural adjustment and by the conditionality prescribed by the international financial institutions. The actions were initiated by the developed countries to safeguard the interests of international commercial banks even at the cost of a severe economic contraction, which became the primary concern of international strategy on debt management.

4. Further, the programmes for stabilization and adjustment pressed upon developing countries did not provide for sufficient external financial support to permit adjustment to occur and endure without choking their growth. The programmes were based on unduly optimistic assumptions about the speed at which structural maladies could be corrected. In addition, they were generally shaped by a doctrinaire belief in the efficacy of market forces and monetarist policies. This combination of priorities and policies aggravated the developing countries' economic woes and social distress in a number of ways.

5. In particular, the complete disregard of equity in prescriptions for structural adjustment consisting of cuts in public spending and changes in relative prices had devastating effects on vital public services like health and education, with especially harmful consequences for the most vulnerable social groups.

6. In the 1980s at a time when the poor were suffering an already substantial drop in income, Governments scrapped or sharply reduced, in the name of resource efficiency, food subsidies and other selective redistributional measures. The application of such policies accentuated the maldistribution of income within developing countries, while in many cases their beneficial impact on public finances was negligible and is certainly outweighed by the long-term economically detrimental effects.

Need to enhance resource transfers to developing countries

7. The revival of development in a large number of developing countries requires international action to reverse the present trend in resource transfers which has prematurely made these countries net exporters of capital. It is a long-accepted principle of international economic policy that

developing countries should be able to expect a positive net flow of resources to supplement their domestic savings. The present situation is the reverse: an absurd and intolerable transfer of resources to the North.

8. This state of affairs must be changed as an urgent priority through an equitable solution to the debt problem by:

(a) Devising a mechanism to provide relief to countries that, like Pakistan, are heavily indebted and have never defaulted in their debt servicing;

(b) Whereas developing countries are engaged in a series of economic reforms, opening up their economies, access to markets in the developed world continues to be constrained by various trade-inhibiting measures;

(c) Donors at large and multilateral donor agencies, in particular, should develop a mechanism for encouraging foreign direct investment in response to economic reforms, deregulation and the wider role offered to the private sector;

(d) The donors should provide appropriate external assistance, particularly commodity and balance-of-payment support, to assist and encourage developing countries to open their economy and to ease the transition from inward- to outward-looking economies.

Pakistan's thrust on human development and need of additional resources

9. Accelerating progress in the area of human development is amongst the highest priorities of the Government of Pakistan. The most important initiatives taken in this respect are given below:

(a) The private sector is encouraged to play a greater role in the provision of education and health services, inter alia by the provision of matching grants by the Government;

(b) Budgetary allocations for the social sectors have been raised and implementation capacity strengthened;

(c) An ambitious and wide-ranging Social Action Programme (SAP) has been launched. It responds to the urgent need to control population growth, improve basic health and education services and expand the provision of safe drinking water. The programme aims to rectify the past neglect of the social sectors both in terms of financial allocations and implementation capacity. It focuses on basic education, primary health nutrition, family planning and rural water supply and sanitation;

(d) During 1992-1993 new schemes for generating job opportunities were started. The most important of these are the Public Transport Scheme and the Self-employment Scheme;

(e) A new education policy was announced by the Government on 20 December 1992 for the new decade. The policy aims at universalization of primary education, eliminating drop-out and fulfilling the basic learning

needs by the year 2002. Special emphasis has also been laid on women's education and raising the quality of public instruction through an extensive in-service teachers' training programme.

10. The above social sector programmes of the Government require increased support from donors, and relief in debt repayments. At present, a major chunk of our annual budget resources (36.5 per cent) is being spent on debt service payments leaving a meagre portion to be spent on the social sectors. During 1992-1993 Pakistan spent only 2.4 per cent of GNP on education and 0.81 per cent on health and nutrition, which is far less when compared with developed countries. This has resulted in the poor quality of life of the people of Pakistan. In order to increase the level of expenditure on social sector programmes of the developing countries like Pakistan, it is imperative that Pakistan's debt burden decrease so that resources are available for the social sectors. Therefore, the donor community must initiate a package of reforms for developing countries to substantially increase the net transfer of resources from developed to developing countries.

Yugoslavia

[8 November 1993]
[Original: English]

The Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) submitted the following information:

1. Developing countries have taken and continue to take measures aimed at correcting domestic macroeconomic imbalances and eliminating structural obstacles to faster economic growth, which, with support by international financial institutions, the IMF and the World Bank in particular, helped some developing countries achieve better economic performances. None the less, most developing countries are faced with the problem of high indebtedness. This is evinced also by the fact that the overall foreign debt of developing countries has never been so high, so that, at the end of 1992, it amounted to US$ 1,419 billion*, that the prospects for eliminating the devastating effects of the debt on developmental processes in these countries continue to be uncertain and that the economic situation in some regions and groups of developing countries, in Africa in particular, is very alarming indeed. Foreign indebtedness is one of the most pressing factors which still determines the economic and social development and the standard of living in many countries, while international financial institutions do not take sufficiently into account the need for including developmental ingredients in the structural adjustment programmes and tend to ignore political and social conditions in debtor countries.

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* Unless stated otherwise, the source of the statistical data used in this text is World Economic Survey 1993. United Nations, New York, 1993.

2. Certain progress in the realization of the international strategy for the solution of the debt problem and better economic performance of some debtor countries should not postpone or blur the task of the world community to identify the devastating effects of the debt crisis which, for almost a decade, have prevented the economic growth of many developing countries, thus threatening the basic human rights and fundamental freedoms, as well as the right of these countries to economic development.

3. The Group of 24 developing countries dealing with international monetary issues, in which Yugoslavia took an active part until it was unjustly suspended, has long established that the structural adjustment programmes of the International Monetary Fund must be inspired by the slogan "adjustment with growth". However, the burden of adjustment has fallen disproportionately on the indebted countries resulting in a substantial reverse of net transfer of resources from debtor countries as well as declines in output, employment and per capita incomes.

4. It has become ever more evident that the entire debt strategy within the development approach should attach priority to the implementation of human conditions, including the standard of living, health, food, education and employment of the population, especially among the most vulnerable and low-income groups.

5 The international community is duty-bound to set such international rules for the solution of the problem of debt of developing countries which will protect the population in debtor countries and ensure respect for their basic human rights, particularly the right to development.

6. The former Yugoslavia belonged to the group of 15 largest world debtors and its debt service commitments in the same period accounted for over 40 per cent of its export earnings, which was typical for the entire group of these most indebted developing countries. The disintegration of the Social Federal Republic of Yugoslavia and the adoption of the Security Council resolutions 757 (1992) and 820 (1993), establishing sanctions against the Federal Republic of Yugoslavia, added a new and tragic dimension to the realization of human rights and the right to development in Yugoslavia. Yugoslavia was denied the right even to service its debts and thus maintain normal relations with its creditors and international financial institutions.

7. Just as the effect of the debt crisis on the basic human rights in developing countries has every right to be considered by the United Nations Commission on Human Rights, so will the condemnation of one entire people, the Serb people, to live in misery, poverty, economic marginalization and to gradual extinction by the United Nations sanctions sooner or later find its way to the agenda of this Commission and will be taken as a sad and a glaring example of a denial of precisely those same rights the Commission purports to defend of human callousness and a slap to the reputation of the world Organization itself.

II. UNITED NATIONS BODIES AND SPECIALIZED AGENCIES

Department of Economic and Social Information and Policy Analysis

[28 October 1993]
[Original: English]

1. The Department of Economic and Social Information and Policy Analysis enclosed a set of reports and documents prepared by it, which deal with both the economic and social aspects of the debt crisis and adjustment policies and which in its view are of relevance to the preparation of the above-mentioned report. Documents A/46/415, A/47/396 and A/48/345, all dealing with the international debt strategy, review developments and initiatives relating to the international management of the external debt of developing countries and assess the effectiveness of the strategy and include related statistical debt indicators.

2. Below follows the text of section D of document A/47/396 which is dedicated to the social dimensions of adjustment under debt:

> "23. Economic reforms being implemented in over-indebted countries have had particular social consequences. Stabilization measures follow the basic strategy of reducing demand to redress external and domestic imbalances and naturally have a deflationary aspect, although this stage in adjustment is supposed to be short term. Structural adjustment programmes are, on the contrary, of medium- and long-term nature, aiming at increasing the economy's productivity and flexibility through liberalization and reallocation of private investment under new market signals and more effective and strengthened public investment programmes. Structural adjustment requires adequate financing for investment and a context of significant economic growth to reabsorb into expanding economic sectors the labour and other resources from shrinking ones. In many cases either the international economic environment or the domestic policy environment, or both, have made it difficult to restart growth, and the social hardships of adjustment have been protracted and multiplied.
>
> 24. Low-income groups have been especially vulnerable and their situation has become a focus of international attention. In more affluent economies, a social safety net, some sort of income insurance, would be provided to assist the poor and unemployed to go through the short-term difficulty. In developing countries, affected individuals have to rely to a much greater degree on activities in the informal sector and on resources of families for their safety net. Yet, the resources of poor families are thin and adjustment has stretched them thinner.
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> 25. Stabilization measures normally include cuts in public expenditure to a far greater degree than increases in revenue. Cuts are usually made in both current and investment expenditures. When the cuts are short term, postponing investment seems eminently sensible. The difficulty is that infrastructure deteriorates and productivity dips when the cuts are

protracted. Human capital and the quality of life suffer when investment is cut in such fundamental areas as education and health. Cuts in current expenditures frequently have severe impacts, especially in urban areas, on low-income people who directly or indirectly lose employment and wages or lose the purchasing power of wages that do not rise as much as inflation, particularly when subsidies on consumer necessities are lost. In a slow-growing environment, such loss of income without alternate opportunities for employment or enterprise has the potential to create a politically volatile situation. That eventually would only worsen the environment for investment and growth and further drag out the adjustment process.

26. Thus, however much the Government intends to reduce the direct economic role of the State, it is now widely recognized that it must help its people to make the transition during the period of adjustment. The adequacy of safety nets has become a major issue in the design of adjustment programmes. Ghana's Programme of Action to Mitigate the Social Costs of Adjustment was one of the first to target assistance to the victims of certain measures, such as employees of public sector and State enterprises who lost their jobs. In Chile and Morocco, aid was provided to mothers in poor districts and the unemployed in rural areas.

27. However, the fiscal restraints on the government budget make it difficult to implement these measures in most cases. The adjustment programmes were adopted to deal with fiscal imbalances in the first place. Hence, donor governments and multilateral institutions can play an important role in contributing financing, where appropriate, in the form of grants and targeting the assistance on programmes for low-income groups. Indeed, many bodies of the United Nations system have become closely involved in such work."

3. Documents A/46/385 and A/48/380, entitled "Economic stabilization programmes in developing countries", present evolving views on stabilization policies and their main elements, and review the experience of developing countries in implementing such programmes. Both reports also deal with the social and political dimensions of stabilization and adjustment programmes. Pertinent to the present study are paragraphs 17 to 21 of document A/48/380 which read as follows:

"17. Already by the end of the 1980s it became widely acknowledged that more attention must be given to the social and human dimensions in the adjustment process at the formulation stage. It is inefficient to try to mitigate social problems at one end, while little or nothing is being done at the other end about the array of policies that are feeding those problems. This is an area in which research and discussions have multiplied in the last years. Projects to investigate the possibility of designing adjustment programmes with a greater emphasis on equity have been carried out inside the United Nations system and outside the system by international and academic institutions.

18. It is not entirely obvious that large social costs have derived directly from adjustment. The overall impact of adjustment programmes on income distribution and on poverty depends on country circumstances and

policies. In Africa in particular, the reduction in food subsidies to consumers, the increase in producer prices and the depreciation of the currency might have led to a shift in income towards the rural area, which was the poorest; and this, it can be argued, constituted a reduction in poverty. On the other side, reduction in real urban wages was also severe. Given the linkages between the rural and the urban sectors, such a reduction was not neutral with respect to rural incomes. Even in the subsistence sector, a share of total income (some 20 per cent) is generated outside subsistence activities.

19. Not all of the increase in poverty or the worsening in the situation of income distribution is the result of stabilization programmes. The social cost of adjusting should be compared with the corresponding costs of not adjusting. Hyperinflation or high inflation has usually had a highly negative impact on income distribution and poverty. It is not always possible, then, to disentangle the losses arising specifically out of an adjustment programme from the long-term deprivation that had been present before the programme existed. However, almost every stabilization and adjustment programme was associated with a recession that carried with it losses in output, employment and real wages. Mexico's successful stabilization, for instance, was accompanied by steep declines in GDP and in real wages (possible in the specific institutional setting of that country), and only now does it seem to be turning the corner. Moreover, most governments made cuts in social spending, and reduced or eliminated subsidies as part of their efforts to control budget deficits. Most adjustment programmes brought a decline in real wages that was more severe in the urban area.

20. Whether the social costs of adjustment can be entirely avoided is still an open question. Those costs were, and are, expected to be transitional but everyone now agrees that such a transition can take a long time, five or more - sometimes many more - years. Seven years passed before real incomes started increasing again in Mexico. Unfavourable external factors might prolong the time-frame of adjustment and worsen its social costs. For instance, in the case of Mexico, the required adjustment would have been smaller, recovery would have occurred sooner and social costs would have been lower if the country had not faced the oil shock of 1986.

21. Even though consideration of the social impact of adjustment now involves a form of almost conventional wisdom, it is still difficult to compensate the most affected groups and to reduce poverty. The idea of targeting certain groups and limiting help to these groups specifically can now, after some concrete experiences, be discussed more rationally. The administrative cost of identifying the target group and delivering help to it is usually high and can absorb a large proportion of the sum designed to support the target group. Not surprisingly, the most successful examples of targeting the poor with special programmes (for instance, that of Chile or of Mexico with the Programa Nacional de Solidaridad (PRONASOL) come from countries that had the institutional basis of an organized welfare system. When governments are weak,

targeting is more difficult. Moreover, the concept of targeting experiences political opposition from those groups which continue to defend the democratic ideals of universal coverage for basic social services."

4. The social consequences of adjustment and stabilization programmes have also been assessed in the 1993 Report on the World Social Situation (E/1993/50/Rev.1), particularly in chapters VII, Income distribution and poverty, and chapter VIII, Government expenditures on social services.

5. Finally, DESIPA drew the attention of the Commission on Human Rights to paragraphs 44-62 of document A/48/364, entitled "Developing human resources for development", which evaluate the impact of the debt crisis on government social expenditure policies and their repercussions in relation to the supply of health, education and other social services.

6. All documents that have been referred to are available for consultation with the secretariat.

Department for Policy Coordination and Sustainable Development

[28 October 1993]
[Original: English]

DPCSD called the attention of the Commission on Human Rights to the report of the Committee for Development Planning on its twenty-eighth session (E/1992/27), especially section E, "Relation between economic reform and political reform" in chapter V, "Economic reform in developing countries", in particular paragraphs 225-230, the text of which follows below:

"225. The relationship between respect for human rights and the successful design and implementation of economic adjustment on reform programmes is complex. One problem is the difficulty of giving precise meaning to many of the enumerated 'rights' found in international declarations. It is, for example, easier to define certain civil rights like 'freedom from torture' than to define 'right to education' or 'right to development'. Another problem is the degree of importance attached to an increase or a decrease in the enjoyment of different 'rights'. At one well understood extreme, governments are willing to withhold foreign assistance and even to mobilize support for international sanctions when governments violate certain civil rights - e.g. widespread and systematic use of torture. However, the operational concern for human rights in the design and implementation of economic programmes requires a different approach.

226. For this purpose, human rights might be grouped under three headings:

(a) Entitlements to an adequate share of national welfare - e.g., education, health, employment, training, etc.;

(b) Individual freedom from governmental interference or abuse;

(c) Empowerment of people in the political process.

227. In the first group it is clear that reform programmes which explicitly attempt to safeguard human resource expenditures on, for example, education and health or which try to maintain the living standards of the poorest groups in society will have a better chance of achieving positive results in the medium and long term than those that do not, because people's capacity to produce will be enhanced. Such programmes may also enjoy greater public acceptability and, hence, have a greater chance of succeeding even in the short term.

228. In the second group of 'rights', matters are less clear. Providing greater individual economic freedoms by deregulating some types of economic activity or reforming property relations, for example, by legal reforms giving women equal rights to own property and pledge collateral for loans are quite likely to increase the supply response of economic agents to other measures such as trade liberalization, devaluation, etc. With respect to labour, reformers might fear that greater freedom to organize could slow down the pace of reform because of resistance to the short-term reverses in income or employment or, on the other hand, recognition of the legitimate labour rights would ensure inclusion of workers in the important deliberations regarding the nature of reform.

229. The types of rights involved in political empowerment, such as freedom of association, free expression, a free press, and freedom of public dissent, can also be factors contributing to successful implementation of reform programmes for the same reason open discussion could pave the way for consensus.

230. Human rights falling under all three of the above categories are desired in their own right, and the extent to which they are fully enjoyed in various countries is the subject-matter of a number of specialized forums and is not a matter in which the Committee for Development Planning has any special competence. However, there are some measures which have been urged in a human rights context which the Committee believes would clearly contribute to the successful implementation of economic reform programmes:

(a) Social safety nets, investments, and subsidies targeted on the poor should be viewed as a central component of fiscal and adjustment activities;

(b) International financial institutions as well as bilateral aid programmes should include tax policies and the pattern of public expenditures in the design of adjustment programmes with a view to ensuring progress in respect of poverty reduction and human resource development, even during periods of public-sector retrenchment;

(c) In this context the indicators described and analysed in Human Development Report 1991 - namely, the public expenditure ratio, the social allocation ratio, the social priority ratio, and the human expenditure ratio - are of special relevance."

United Nations Conference on Trade and Development

[16 November 1993]
[Original: English]

UNCTAD drew the attention of the Commission on Human Rights to pages VI and X-XI of the Trade and Development Report, 1993. Below follow extracts of those pages which are pertinent to the scope of this report:

"Most countries in sub-Saharan Africa have been pursuing structural adjustment programmes (SAPs) for the better part of a decade. Nevertheless, recovery has been slow and growth performance remains extremely poor. Per capita incomes today are well below the 1970 level, and on current trends it would take 70 years to double them.

Africa's development has, of course, been damaged not only by the structural problems addressed by SAPs but also by various catastrophes, such as wars, civil wars and climatic disasters. Nevertheless, it is striking that even after allowing for these factors SAPs have generally brought only a small improvement in the trend rate of growth. Only Mauritius - which is highly atypical in many other ways as well - has been able to grow while shedding adjustment programmes supported by IMF and the World Bank.

Africa, unlike Latin America, has been suffering from a continuous deterioration of its external environment. Falling commodity prices have hit both those regions, but sub-Saharan African countries have suffered much more, especially those dependent on cocoa and coffee. Besides, the region has received no offset comparable to Latin America's massive influx of private funds. It has received increased assistance, but losses on the terms of trade have been a multiple of the aid increment. Such losses have rarely been anticipated; indeed, forecasts have tended to predict recovery in export prices, and thus in growth performance.

Increasingly, the purpose of aid has become simply to induce policy change to the neglect of its more important role, which is to finance growth and investment. The short-leash approach and the paucity of assistance have made many countries dependent on aid simply to sustain a low level of activity. The financial squeeze has been reflected not only in the persistence of the region's debt crisis (discussed further below), but also in problems in the design of adjustment programmes:

- It has tightened the fiscal constraint, necessitating sharp cuts in public investment;

- While considerable devaluation was indeed called for, the severe shortage of foreign exchange has resulted in too much pressure being put on the exchange rate instrument, with very severe

repercussions on activity and prices. As a rule, any policy instrument has a positive effect on its main target and a number of negative side effects, and when taken beyond a certain point, the gains diminish while the side effects mount;

- Confidence and the willingness to invest have also been damaged by the continuing debt and foreign exchange crisis and the repeated postponement of recovery;

- SAPs have been right to emphasize the need to improve the quality of investment, but growth is not possible unless investment is sufficiently high. Poor investment performance has resulted in a tendency to de-industrialize. So has the sudden withdrawal of import protection;

- SAPs have been right in seeking to correct the past neglect of agriculture. But, largely because of underfunding, they have done so largely at the expense of domestic industry;

- SAPs have also been right in trying to remove the past bias against exports. However, by relying on devaluations and other purely market-based mechanisms, they have improved incentives not to manufactured exports but to traditional ones (sometimes, indeed, at the expense of domestic food production). Consequently, little if any genuine diversification has occurred;

- No effort has been made to avoid overproduction of primary commodities. Indeed, many countries have received encouragement to increase their market share of traditional exports.

There have also been shortcomings as regards reform of the public sector. The main aim appears to be to privatized or close down public enterprises, on the grounds that economic activity should, as a general rule, be left in the hands of private agents, and that in sub-Saharan Africa Governments cannot be counted upon to correct market failures without creating other, more serious, failures. There is undoubtedly considerable scope for the private sector to play a greater role. Nevertheless, the basic reasons remain for an active government role in Africa; these include the paucity of private agents in a position to take long-term risks (and with the financial and managerial capacity to create and run large-scale organizations), and the need to support and promote the diversification and marketing of agricultural output. Reforming public enterprises is fraught with difficulties, but the game is worth the candle, especially in countries at a very low level of development, where market failures are widespread and growth must be accelerated by all possible means.

The character of the [debt] crisis has changed since the early 1980s. The international financial system is no longer in danger, and the creditworthiness of a number of major Latin American debtor countries has improved significantly. The key problems now are debts owed to Governments and international financial institutions (IFIs); Russia's debt is also a major new challenge.

Rescheduling of multilateral debt has hitherto been taboo. But over 20 countries, mostly poor, are in arrears to the Bretton Woods institutions and the regional development banks. In the next few years, most of their debt will be to IFIs. This will be a major problem unless export prospects and overall net transfers improve significantly.

Arrears hurt not only the debtor but also the IFIs and all their members. The principle of giving preferred creditor status to IFIs should not be impaired, but there is room for applying it flexibly and pragmatically so as to enlarge the scope and scale of current schemes for handling arrears and to give, when warranted, effective though informal debt reduction.

In order to help avoid the emergence of arrears - and for many other reasons - IFIs need to increase their net transfers substantially. This calls for adequate replenishment of their soft windows. But in a climate of aid fatigue and fiscal pressure in donor countries, increased funding of soft windows may be at the expense of bilateral aid. To the extent that such increased funding cannot be assured through regular means, new sources of funds should be tapped, such as SDR allocations and IMF gold sales. These can also be used to help countries clear existing arrears."

United Nations Development Programme

[12 November 1993]
[Original: English]

1. The United Nations Development Programme transmitted the following information:

2. UNDP shares the view that the human persons is the central subject of development, and that the debt burden and structural adjustment programmes can adversely affect development.

3. UNDP responds to this concern in two ways. First, at the conceptual level, it addresses this concern through publication of its annual Human Development Report. This has, since it was launched in 1990, restated the centrality of the human person in development, and looked at the range of factors hindering or promoting development. In particular, the 1992 report analysed the adverse impact that international economic conditions and trading practices have on developing countries.

4. Second, through its operational activities, UNDP has supported many programmes to mitigate the impact of structural adjustment on development. One major programme, on which UNDP collaborated with the World Bank and the African Development Bank, focused on the social dimensions of adjustment in Africa. This programme was launched in 1988 and continued until 1991.

5. UNDP is now working on the formulation of a Poverty Alleviation and Macro-Economic Reform in Africa in the pipeline to directly address the question of poverty and adjustment. Other UNDP programmes have helped countries to establish Social Funds to address the social impact of adjustment (e.g. in Bolivia and Egypt), with emphasis on participation by target groups.

6. Poverty, whatever its cause, is a major thrust of UNDP's fifth programming cycle, and poverty alleviation policies and programmes have been formulated in a large number of countries with UNDP support.

United Nations Centre for Human Settlements

[19 November 1993]
[Original: English]

1. The organization congratulated the Commission on the timeliness of its consideration of the subject which is of direct relevance to the issue of deteriorating living and working conditions currently experienced by the residents of human settlements in developing countries, especially the poor. In differing degrees, depending on the particular country in question, that deterioration, in the view of the organization, can, in significant measure, be attributed to the effects of adjustment programmes and the debt crisis.

2. Although the subject, given its policy implications, requires further investigation and empirical studies, the preliminary indications are that the debt crisis and stabilization programmes have an especially severe impact on the urban poor as they are, to some extent, even more vulnerable to such negative effects than rural lower-income groups. This is largely due to two factors: the almost total dependence of the urban poor on the cash economy, and the fact that for them, subsistence food production, an option for many of the rural poor even during the hardest times, is not a viable option in densely-populated urban areas.

3. Urban lower-income groups have been hit most severely in terms of access to employment opportunities, to basic services, and to housing. Moreover, it seems reasonable to conclude that adjustment programmes have - at least in the immediate term - produced downward mobility, increasing the number of the poor. While data are not yet available to determine the effects of adjustment on the urban income distribution, it is nevertheless evident that the incomes of the urban middle class have been reduced in real terms by reduced subsidies necessitated by adjustment policy; many lower middle class urban dwellers have been pushed into the lower income strata, thus increasing levels of poverty. Already about 250 million urban residents in the developing countries live in absolute poverty, unable to meet their most basic housing and nutritional requirements. And these numbers are increasing: in perhaps a quarter of all developing countries, the urban poor now outnumber the rural poor.

4. While all of the foregoing problems, of course, cannot, be attributed solely to the debt crisis and structural adjustment, it is also true that as long as both persist, it will be difficult to reverse such trends. This is because, even if governments have the best intentions to meet the basic needs of their people - and this must be assumed to be the case - as long as the debt crisis persists and structural adjustment programmes are in place, the

hands of national authorities are in fact tied. They will lack the resources to address needs such as housing, basic services and employment generation on the scale required, particularly as the meeting of such needs generally falls under exactly that category of "social expenditure" which adjustment programmes have tried to limit in order to reduce government deficits. Under these circumstances, the provision of social "safety nets", with targeted funding aimed at the poorest of the poor, as some donors and multilateral institutions are already doing in order to mitigate the impact of adjustment, is no long-term solution. It cannot halt the slide into relative deprivation on the part of vast segments of the population. This can only be achieved through a combination of renewed economic growth, debt relief and increased financial assistance to developing countries for basic social infrastructure.

5. Given the importance of these issues, and especially of adequate living and working conditions for full enjoyment of cultural, economic and social rights by the inhabitants of developing countries, Habitat has started on a major research undertaking on global social and economic trends and their impact on the development and management of human settlements, as part of the preparations for the second United Nations Conference on Human Settlements (Habitat II), which will be held in Turkey in June 1996. The report based on this research will be submitted to the Conference for its consideration and will undoubtedly influence the Plan of Action which will emerge from the Conference.

World Bank

[19 November 1993]
[Original: English]

The World Bank has published a vast amount of materials on these topics. It enclosed for the information of the Commission on Human Rights the following publications:

"Adjustment Lending Policies for Sustainable Growth" (1992);

"Dealing with the Debt Crisis" (1989);

"Adjustment Lending Revisited" (1992).

The publications are available for consultation with the secretariat.

International Monetary Fund

[23 November 1993]
[Original: ENGLISH]

1. The International Monetary Fund transmitted the following information:

2. The Fund, in the normal course of its work, continually addresses the impact of adjustment programmes in countries with heavy debt burdens.

3. The debt dimension is an explicit part of the formulation of policy advice, and also involves the catalytic function of the Fund in assuring adequacy of financial resources for adjustment programmes, which may include debt reduction and restructuring. Aside from the internal discussion of these issues, the Fund, from time to time, sets out the experience gathered in various publications.

4. In relation to this, the IMF drew the attention of the Commission on Human Rights to the following publications:

IMF Occasional Paper 106
Economic Adjustment in Low-Income Countries
Experience Under the Enhanced Structural Adjustment Facility
September 1993

Convergence and Divergence in Developing Countries
Chapter IV in
IMF World Economic and Financial Survey
World Economic Outlook
May 1993

The Experience of Successfully Adjusting Developing Countries
Chapter IV in
IMF World Economic and Financial Survey
World Economic Outlook
October 1992

IMF Occasional Paper 95
The Fiscal Dimensions of Adjustment in Low-Income Countries
April 1992

Multilateral Official Debt Rescheduling
Recent Experience
IMF World Economic and Financial Survey
November 1990

All are available for consultation with the secretariat.

III. INTERGOVERNMENTAL ORGANIZATIONS

Commission of the European Communities

[11 November 1993]
[Original: English]

1. The Commission of the European Communities transmitted the following information:

2. The Commission is currently preparing its annual report on the implementation of the resolution on human rights, democracy and development, adopted by the Council of the European Communities and the representatives of the member States meeting in the Council in November 1991. The report, which is to present a comprehensive picture of the European Community's approach and activities in 1993, will be presented to the Council in the beginning of December.

League of Arab States

[25 November 1993]
[Original: Arabic]

1. The League of Arab States transmitted the following information:

2. The issues of development and foreign debt are among the principal problems facing the Arab States, which are regarded as developing countries. It is an undoubted fact that indebtedness has a close bearing on the problem of development and these two issues cannot be viewed in isolation from each other since there can be no development when the repayment of foreign debt and debt servicing constitute a burden that swallows up most of the national income of the developing countries. The Arab League has concerned itself with this question, which was considered by the Arab Standing Committee on Human Rights at its ninth and tenth sessions as a separate agenda item. At its ninety-eighth regular session, the Council of the League adopted resolution 5248 of 13 September 1992 approving the promulgation of an Arab Declaration on Development, Indebtedness and Human Rights.

3. The measures that should be discussed at the fiftieth session are as follows.

4. There is a need to take into consideration the fact that, in order to alleviate their heavy foreign debt burden, the developing countries must take some or all of the following measures:

1. Cancellation, or conversion into grants, of some or all of their foreign debts.

2. Cancellation of the interest, or reduction of its rate.

3. Rescheduling of debts on more favourable terms, particularly through an extension of loan repayment periods.

4. An increase in the financial resources available to the developing countries.

5. Provision of loans on easy terms involving, for example, longer repayment periods and low rates of interest.

6. An increase in the amounts of assistance provided by international organizations and financial institutions to support indebted countries complaining of substantial budgetary deficits or to fund their development projects directly.

7. Alleviation of tariff barriers; provision of better facilities for the entry of exports from the developing countries into the markets of the wealthy developed countries; and improvement of the terms of trade for the benefit of indebted developing countries.

8. Inclusion of considerations pertaining to the right to development in the lending policies of major financial institutions, such as the World Bank and the International Monetary Fund, with emphasis on the importance of the transfer of advanced technology to developing countries.

9. The formulation of criteria to prevent some countries from misusing human rights as a pretext to interfere in the internal affairs of developing countries or to suspend economic assistance to them, thereby impeding the development endeavours of those countries.

5. Paragraph 10 of the Vienna Declaration and Programme of Action of the World Conference on Human Rights reaffirmed the right to development, as established in the Declaration on the Right to Development, as a universal and inalienable right and an integral part of fundamental human rights.

6. States should cooperate with each other to ensure development and remove the obstacles impeding it. The international community should endeavour to promote effective international cooperation for the realization of the right to development and for the removal of the obstacles impeding it. The international community should also study the economic difficulties arising from the problem of debts and their effect on development since, given their acute economic difficulties, the developing countries are unable to enjoy fundamental freedoms to the same extent as the major industrialized countries. Consideration should be given to the formulation of a more comprehensive concept of human rights, which should not disregard the right of every individual to the satisfaction of his basic needs and, more generally, to development. It is from this standpoint that we should view the magnitude of the adverse effects of the problem of indebtedness on human rights.

Organization for Economic Cooperation and Development

[15 November 1993]
[Original: English]

1. The Organization for Economic Cooperation and Development transmitted the following information:

2. The OECD Development Centre has just concluded a series of studies of the effects of adjustment and stabilization policies. The results of these studies have been published and represent a complete departure from past efforts to analyse adjustment programmes. Rather than focusing on individual aspects of the problem, the authors examine the economic, political and social cost, in terms of unemployment, inequality and poverty, of each macroeconomic stabilization measure. Seven country studies - covering Chili, Côte d'Ivoire, Ecuador, Ghana, Indonesia, Malaysia and Morocco - demonstrate that adjustment policies do not automatically increase inequality and produce negative effects on the poor; their impact varies widely from case to case.

3. In fact, the studies show that refusal to adjust and the suspension of imports leads to self-centred underdevelopment, which is socially much more costly.

4. The Centre has addressed also the political context in which adjustment policies are decided, an aspect that many preparatory studies for adjustment programmes fail to include. It has reviewed the instruments available to policy makers in developing countries, and showed how these instruments make it possible to integrate the political dimension of economic adjustment into theory and practice.

5. The organization attached copies of the following publications of the OECD Development Centre which in its view are very relevant to the members of the Commission on Human Rights, and that they have major implications for the debate on the right to development inside and outside the United Nations:

The Political Dimension of Economic Adjustment (1993)

Adjustment and Equity in Developing Countries, a new approach (1992)

Adjustment and Equity (1993)

The publications are available for consultation with the Secretariat.

IV. NON-GOVERNMENTAL ORGANIZATIONS

Afro-Asian People's Solidarity Organization

[14 November 1993]
[Original: French]

1. The Afro-Asian People's Solidarity Organization transmitted the following information:

2. The situation on the international scene, marked by profound changes which have brought a new political and social shape to the life of the peoples of the world, continues to turn the developing countries, teetering on the edge of survival, into hostages of their debt to donors. The International Monetary Fund (IMF), the World Bank (IBRD) and public and private banks throughout the developed world are still the ones that benefit most from this situation.

3. The IMF and the World Bank, although officially specialized agencies forming part of the United Nations system, yet protected against interference from the United Nations, have always been the tried and tested tools that the Western Powers can use to keep a hold on countries which have recently thrown off the colonial yoke. Their trump card is that the United States of America and other Western Powers control nearly 90 per cent of the votes and hold the most crucial shares, a very important factor in bringing influence to bear on any decision-making.

4. These two institutions, which have become the undisputed masters of the international monetary system, reserve the right to dictate their preferences in the policy the developing countries would like to follow to free themselves from the burdens of the colonial period. Since the outset, both institutions have created conditions to guarantee that they will get the most out of complex and subtle manoeuvrings which, most of the time, are beyond the control of the developing countries. To succeed in their tasks, the IMF and the World Bank have found infallible ways and means of persuading and dissuading debtors in the developing countries. The means available to these two institutions complement one another to such an extent that the developing countries suffer the harsh consequences, which sharply affect some of the legitimate rights of those countries, namely rights set out in the Universal Declaration of Human Rights.

5. The policy underlying structural adjustment programmes is a field in which it is all too easy to violate human rights (and the rights of peoples) and, like the IMF and the World Bank, to act with complete impunity.

These violations are as follows:

(a) In the political field, the fact that the IMF and the World Bank dictate their wishes to debtor countries means that these countries cannot freely exercise their right to self-determination and unfettered decision-making, thus jeopardizing their real independence. The requirements laid down by these two international finance institutions and their complete disregard for justice, involving cutbacks in public expenditure, currency

devaluation, and hence runaway inflation, have led to widespread discontent and to social and political upheavals that threaten the stability and security of countries. Again, the more or less concealed extortion of superprofits in the developing countries by the IMF, the World Bank, the transnational corporations and other world powers is only too well-known. With the help of the changes on the international scene, the "aid" policy is now conditional on developing countries adopting measures in regard to democracy and human rights. This is blatant interference in internal affairs and, furthermore, shows the contradictions and the inconsistencies in what the IMF/World Bank group preaches and what it practices. The IMF and the World Bank make political and civil rights their principal concern and hence do not recognize the validity of the universality and indivisibility of human rights and the rights of peoples;

(b) The economic, social and cultural fields are choice areas for the IMF/World Bank group to apply structural adjustment policies with harsh effects on human rights and the rights of peoples. The macroeconomic policies imposed in regard to budgets and exchange rates are intended to secure prompt and short-term recovery in the balance of payments of the debtor countries and immediate profits. To safeguard their own interests and those of international commercial banks and other developed country donors, the IMF and the World Bank have managed to turn the situation round in their own favour. Developing countries now export capital to the wealthy countries of the North, a situation which makes it impossible for them to engage in an equitable development process. This money, which could have been invested locally in productive sectors, has gone on to yield profits in developed countries and greater gains for the corrupters and corrupted at home and abroad.

6. The IMF and the World Bank loudly proclaim that they are waging a struggle against poverty in the world. Unfortunately, while the poor grow poorer, the structural adjustment policy is producing a new category of poor among in the middle classes. There is not the slightest possibility for these poor people to enjoy economic, social and cultural rights fully and equitably.

7. The right to life of the poor, vulnerable sectors in the developing countries is constantly threatened by a number of social economic factors. The measures imposed by the IMF and the World Bank in health, education and employment (a field involving human values and factors essential to sustainable development and lasting growth) largely sign away the future of a number of undeveloped countries. Death lurks in hospitals, clinics and health services that have no medicines or appropriate care, and the sick are forced to try and buy medicines at prices beyond their reach.

8. The conditions on education imposed by the financial institutions are a major handicap in combating illiteracy and in securing progress in general. Since the budget is sharply reduced, all-out privatization of education means school fees that parents in the vulnerable groups cannot afford. The result will be a long-term rise in the number of illiterates, along with the galloping increase in population that is characteristic of less developed countries. The combined restrictions on the rights to health and education and on the right to work, as imposed by the IMF/World Bank group imply yet further poverty in a number of underdeveloped countries in the future. The numbers of the unemployed are on the rise, family expenses have become

intolerable, disease due to malnutrition has become persistent, and inadequate health care will in the long run affect the physical, moral and mental capabilities of populations.

9. Development calls for popular participation, but peoples living under conditions which destroy their abilities, who are themselves badly fed, prone to disease of every kind, are almost illiterate, with very limited access to scientific and technological progress, and still staggering under the burden of immense sacrifices, will continue to be pushed aside, marginalized and subjected to the control of the financial powers.

American Association of Jurists

[23 November 1993]
[Original: Spanish]

The American Association of Jurists transmitted the following information:

Origin and evolution of the debt

1. The external debt of the third world amounted to $780 billion in 1982, remained stable at around $1,200 billion in 1987, 1988 and 1989, and began to increase again in 1990, totalling $1,419 billion in 1992 (United Nations, World Economic Survey 1993, table A.35).

2. In 1992, external debt accounted for 37.6 per cent of GNP in Latin America, 26.5 per cent in Asia and 100.1 per cent in Africa (108.1 per cent in sub-Saharan Africa) and debt service accounted for 30.1 per cent, 8.5 per cent and 26.9 per cent, respectively, of exports. Compared to 1982, these percentages dropped slightly in Latin America and in Asia, while in Africa the ratio of debt service to exports increased and the ratio of external debt to GNP doubled (United Nations, op. cit., table A.36).

Adjustment policies

3. When the size of the debt and arrears in debt servicing showed that the debt could not be paid on the agreed terms, the International Monetary Fund proposed the so-called "adjustment policies" solution. These policies are the condition imposed on debtor countries which find it essential to renegotiate their debt and continue to have access to international financial markets. The World Bank and the IMF coordinate decisions to provide resources to Member States which adopt programmes that will help create a climate of economic stability. Other lenders, particularly the commercial banks, usually make resources available only whey they are sure that the borrower is satisfactorily implementing its structural adjustment programme (David Driscoll, The IMF and the World Bank, how do they differ?, published by the IMF, undated).

The adoption of decisions on adjustment policies

4. The IMF, which formulates adjustment policies, is officially a specialized agency of the United Nations system and, as such, should act in accordance with the Charter of the United Nations, but in fact it does not do so, since it operates totally independently of the system and allows practically no participation in its decisions by the principal organs of the United Nations (Sydney Dell, Relations between the United Nations and the Bretton Woods Institutions, September 1985).

5. In the IMF, decision-making power belongs to the five countries with most quotas, since article XII, section 5, of the Articles of Agreement provides for weighted voting in the executive bodies (Board of Governors and Executive Board). Moreover, a single country can block certain important decisions (such as the reestablishment of an international system of fixed exchange rates) because it has much more than the minimum amount of votes needed, which is 15 per cent. In debtor countries, agreements with the IMF are concluded in the same way as the debt has been contracted: without in any way consulting the population that will suffer the consequences.

6. It may thus be stated that democracy and popular participation are completely missing from adjustment policies, both national and international, from formulation to implementation.

Consequences of adjustment policies

7. The number of poor, in absolute and relative terms, keeps increasing. For example, in Latin America and the Caribbean the number of poor people increased from 136 million in 1980 to 266 million in 1992, i.e. from 41 per cent to 62 per cent of the population (figures and projections prepared at the second Latin American Regional Governmental Conference on Poverty, held in Quito, Ecuador, in 1990). In view of this clear-cut trend towards the concentration of wealth and the growth of poverty and now that it is becoming urgently necessary to adopt an income redistribution policy, the World Bank states that income redistribution "can be damaging and the benefits in any case often go to the less needy" (World Bank, World Development Report, 1991 p. 10).

8. The Managing Director of the IMF, Mr. Michel Camdessus, expressed a similar opinion in his statement at the seventy-eighth session of the International Labour Conference, on 10 June 1991. It is argued that the social costs of structural adjustment policies are temporary and that, in the medium term, such policies yield positive results as far as economic development is concerned; the examples cited are some Asian countries, such as South Korea and Taiwan.

9. In the first place, the newly industrialized countries of South-East Asia have done the opposite of what the IMF advised (Philippe Norel, "Ajustement structurel: la théorie contre le développement", Alternatives économiques, No. 111, Dijon, November 1993, pp. 55 et seq.).

10. Second, economic development is not synonymous with human development. This is the conclusion reached in the UNDP Human Development Report 1993 (see cover page graph and the explanation on the inside of the page).

11. Third, the IMF and the World Bank encourage "social security networks" in order to deal with the supposedly temporary adverse effects of structural adjustment policies, and the only prospect for a large part of the population is to stay on the threshold of extreme poverty. In practice, however, the IMF and the World Bank policies do not even take account of these "networks": countries which submit to IMF requirements (including the reduction of budget deficits) start by cutting the health and education headings in their national budgets and by dismantling and privatizing social security systems, thus leaving the most vulnerable social sectors unprotected. The World Bank (World Development Report 1993, pp. 12-13) proposes that health services should be privatized, i.e. that the right to health, which is a basic human right, should be made a profitable business and an unattainable luxury for the poorest people.

12. Structural adjustment policies also have adverse effects on the environment: forests are cut down indiscriminately so that the timber can be exported for debt-servicing purposes and/or so that pasture land can be used for livestock which is also intended for export (the hamburger connection) or to grow other crops also intended for export; the World Bank finances anti-ecological reforestation projects (see various "Discussion Papers" published by UNRISD on this question).

Conclusions

13. The external debt stays at the same critical levels because the loans that created it were taken out on terms that were unfair to the debtors and are renegotiated on the same terms (high interest rates, disproportionate commissions and charges, adding interest to capital, etc.).

14. Structural adjustment policies have been imposed on the debtor countries and the Governments of those countries have imposed them on their peoples. There has been no democratic process or popular participation in formulating or implementing them. The implementation of adjustment policies strengthens the authoritarian tendencies of Governments and, when their adverse social effects give rise to protests by the people, the reaction by the authorities is repressive.

15. Adjustment policies have widened the gap between wealthy and poor countries and between rich and poor sectors of the population in each country. At the world level, the number of poor people has increased and the living conditions of hundreds of millions of people have worsened as a result of the disregard for, and the violations of, their economic, social and cultural rights.

16. International financial institutions and, in general, the management of the world economy and national economies need to be democratized and alternatives to structural adjustment policies in which the main objective is human development have to be worked out.

General Arab Women Federation

[5 December 1993]
[Original: English]

1. The General Arab Women Federation transmitted the following information:

2. Our organization, being a non-governmental organization, is watching with great concern the dangerous consequences for human rights resulting from the economic adjustment policies, not only from foreign debt, but from situations resulting from international resolutions which are supposed not to affect the basic rights of nations. As an example of this situation, we refer to the effects of economic sanctions enforced by Security Council resolutions against many countries, which resulted in dangerous effects on the human right of those States.

3. And, as the Commission on Human Rights emphasized in resolution 1993/12, foreign debts should not enjoy priority over the basic rights of the peoples of the developing countries, including their rights to food, accommodation, employment, health services and a healthy environment.

4. Therefore, economic sanctions must not include these rights, especially food, accommodation, clothing and health, in their scope, as these countries subjected to such sanctions are witnessing even harder circumstances than economic adjustment.

International Association of Educators for World Peace

[14 November 1993]
[Original: French]

1. The International Association of Educators for World Peace proposed amendments that might be inserted after the fourth preambular paragraph of the Declaration on the Right to Development:

(a) Insists that the development of the developing countries should be set against a background of mutual recognition of cultural differences and reciprocal respect;

(b) Emphasizes that the right to development must go hand in hand with the duty to preserve the environment as a world heritage and as a right of the individual;

(c) Points out that a violation of human rights is a threat to international peace; accordingly, action to implement the right to development should be a moral necessity.

2. It also submitted the following comments:

(a) In view of the linkage between development and vocational or academic training of the peoples concerned, on the one hand, and on the other, the complementarity between the Jomtien Declaration on Education for All and the Declaration of Dakar adopted at the Dakar Seminar on Higher Education in

Africa, held by UNESCO, which points among other things to the need for support for the use of new distance education technologies and some new facilities such as open universities, steps will have to be taken to foster the development of quality universities and private higher education institutions to enable private partners to supplement government efforts;

(b) It is hoped that consideration will be given to a partnership with distance education institutions (open universities) and private universities or similar bodies in the context of a concerted and integral policy of multidisciplinary training for development, and, in the spirit of the Universal Declaration of Human Rights, no discriminatory steps will be taken by States against recognition of the qualifications and capabilities of graduates from non-governmental university facilities, including international facilities.

International Confederation of Free Trade Unions

[24 November 1993]
[Original: English]

1. The ICFTU has long been extremely concerned at the effects of structural adjustment on poverty worldwide and has covered this question in numerous publications and statements since the debt crisis began.

2. The following is taken from the statement by the representative of the ICFTU to the 1993 annual meetings of the International Monetary Fund and the World Bank:

> "While employment featured at the head of the agenda for this year's G-7 summit, the meeting was notably deficient in terms of measures to bring about higher employment and economic growth around the world. This inaction means that hundreds of millions of people are condemned to remain in poverty while the world economy maintains its very slow pace of growth. The IMF and World Bank Annual Meetings provide the occasion for ministers to make up for lost time and draw up a coordinated strategy for higher sustainable growth. A mix of fiscal and monetary expansionary policies should be adopted, with an emphasis on removing the constraints to growth in developing countries and so enabling them to increase their level of imports from the rest of the world. The debt of developing countries should be rescheduled or written off entirely while aid commitments are increased and are channelled in priority to education, the most basic prerequisite for economic development. The trade negotiations in the Uruguay Round must be completed urgently and a social clause inserted into the General Agreement on Tariffs and Trade (GATT). Finally, the commitment to sustainable development made at the Rio Summit in 1992 risks to be undermined by a lack of concrete pledges to finance environmental protection. Increased spending on the environment is a further priority."

3. The ICFTU enclosed the following list of publications for the information of the Commission Human Rights, which are available for consultation with the Secretariat:

The Social Dimensions of Adjustment in Zambia (Lusaka, 1992)

Les dimensions sociales de l'ajustment au Mali (Bamako, 1993)

Free Trade Unions for a Democratic World Order: the Role of the ICFTU (Caracas, 1992)

Building Democracy and Equity into Adjustment and Development (Harare, 1993).

International Council for Adult Education

[5 November 1993]
[Original: English]

1. The International Council for Adult Education transmitted the following information:

2. In our educational work in many countries we are consistently impressed on the one hand by the mutual dependence of economic development and education on each other, and on the other hand by the increasing importance in our time of education to individual and social development.

3. We are witnesses also to the appalling lives led by large numbers of people in the three southern continents despite decades of "development". While science and technology break through new boundaries almost daily, millions of people attempt survival without water, light, housing, health care, employment or education.

4. As an international non-governmental association of over 100 national, regional and sectoral adult education organizations, we are committed to the implementation of the Universal Declaration of Human Rights and the International Covenants on Economic, Social and Cultural, and Civil and Political Rights. Also, we support the 1986 Declaration on the Right to Development, as well as the principles and objectives set out in resolution 1993/12.

5. Some of the repercussions may be negative, arising perhaps from an unfair distribution of the debt burden amongst creditor nations, or from inadequate public information.

International Federation of University Women

[23 November 1993]
[Original: English]

1. The International Federation of University Women transmitted the following information:

2. IFUW is particularly concerned with the human rights of women and girl children. During the last five years economic structural adjustment programmes, particularly in Africa, have resulted in the expenditure on health and education and other social services being drastically reduced, in many cases by more than 50 per cent from the previous level. This was already inadequate to ensure basic education for all children, and adequate health services particularly for maternal and child welfare.

3. Several universities and institutions of higher education and vocational training have suffered due to the severe cuts and have been unable to maintain the pre-1985 level of courses.

4. This means that the right to education and the right to health have been seriously undermined, particularly for the most vulnerable members of the community, the women and children.

International Federation Terre des Hommes

[11 November 1993]
[Original: French]

1. The International Federation Terre des Hommes transmitted the following information:

2. IFTDH fully endorses the comments by the Committee on the Rights of the Child to the effect that groups of children, particularly the most vulnerable, have suffered considerably from certain adjustment measures taken to stimulate economic recovery. Such measures have created further poverty and great suffering for children, particularly when social expenditure allocations have been cut without proper consideration. In this regard, the treatment has been more painful than the disease.

3. To take the example of Africa, UNICEF points out that neither the development policies of the 1960s and 1970s nor the orthodox adjustment programmes of the 1980s have brought the African economy out of a deep-rooted crisis and placed it on the path to long-term development. A new and lasting development approach is therefore needed. Such an approach should review the mechanisms that have so far governed relations between States and with financial institutions and should lay the foundations for the realization of economic, social and cultural rights. In particular, the principle should be clearly established that a number of these rights are inalienable and must be implemented, regardless of the economic situation of the State concerned. This principle, once it is clearly established, should act as the basis for all bilateral or multilateral economic negotiations.

4. At the World Summit for Children, many policy makers affirmed that structural adjustment measures cannot be taken to the detriment of the well-being of children. The Convention on the Rights of the Child specifies that States must undertake economic, social and cultural rights to the maximum extent of their available resources. The Committee on the Rights of the Child has noted that no State so far appears to have fully respected this article of the Convention. Accordingly, there is an urgent need to engage in dialogue on ways and means of protecting the rights of children and attaching priority to them in the formulation of economic reform programmes.

Inter-Parliamentary Union

[16 November 1993]
[Original: English]

1. The IPU drew the attention of the Commission on Human Rights to the final Document of the Inter-Parliamentary Conference on "North-South Dialogue for Global Prosperity", held by the Union in Ottawa from 18-22 October 1993 at the invitation of the Canadian Parliament. In the view of the organization, the Final Document, in particular those parts which deal with new perspectives on development, respect for human rights, and the solution of the debt problem of developing countries, refers directly to many of the points covered in the resolution of the Commission on Human Rights and may thus be considered as a parliamentary response to the latter.

2. Below are relevant extracts from the Final Document:

> "There is an urgent need for new policies in the pursuit of sustainable development. Human development must be considered an integral element and crucial determinant of economic development. Economic efficiency can only be sustained by establishing democratic structures, improving social and economic justice and ensuring respect for human rights. Most importantly, gender equality is at the core of ensuring equity in the distribution of the benefits of growth. Human development demands that urgent attention be paid to investments in health and education, and to ensuring basic education and primary health care. Sustainable development requires that economic growth be pursued without endangering the natural environment. No one factor can be seen in isolation in an increasingly interdependent world and integrated approaches are therefore needed to address global and national issues. All this requires appropriate domestic policies backed by effective measures of international cooperation that facilitate human development.
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> "The Conference viewed with concern that the policies urged upon most developing countries by donor agencies, both bilateral and multilateral, have in many cases aggravated their economic and social circumstances instead of leading to sustainable progress. Structural adjustment undertaken in these countries has not enabled them to embark on the process of sustainable economic development. Policies of structural adjustment in those countries have suffered from incorrect diagnoses, neglect of issues of sustainable development, under-funding and withholding of predictable resources over the longer term, and from a disregard of long-term prospects of economic growth and their impact

on the poor. The Conference urged donor agencies to review and reassess these policies, and to substitute in their place more relevant approaches to sustainable development.

"...

"Finding appropriate solutions to the debt problem of all developing countries is one of the most urgent tasks before the international community. Though the present debt crisis is basically over for commercial banks of developed countries, it is a serious crisis which persists and escalates for poorer developing countries, especially those in Africa, and those devastated by drought, famine and other disasters.

"...

"ODA [official development assistance] should be directed primarily to the poorer developing countries and projects and programmes which are financed through ODA should be targeted on the poorest groups. The Conference recommended that ODA resources should be increasingly allocated for human development and to the improvement of health and education and to conserving the environment. It is critical to efficiency of resource use that Governments of recipient countries create appropriate institutional frameworks for assistance to be channelled to the poor. In view of the central role of women in promoting sustainable development in many countries, a significant portion of ODA should be allocated to programmes and projects which directly benefit women.

"...

"The Conference considered that, in reforming and improving multilateral systems and arrangements, the primary aim should be to ensure social and economic justice, fairness, equity and transparency in multilateral governance, and the application of democratic principles in decision-making processes.

"Within the framework of principles set out above, the Conference urged member Governments to strengthen the economic institutions of the United Nations system, through enabling greater coordination and integration of development activities of individual United Nations agencies. Effective United Nations development interventions require that United Nations agencies operate within a broad framework of agreed principles, without intervening in isolation to deal with difficult issues. Reform of United Nations agencies and their coordination should apply to all agencies of the system, including specialized agencies which remain outside the decision-making processes of the United Nations General Assembly.

"The United Nations system should address the issue of devolving powers to regional offices, to take account of the new dimensions of economic and political regionalism. Devolution of powers to the regions would enable the United Nations system to react more efficiently to problems of developing countries. The central institutions of the

United Nations should effectively involve the United Nations regional commissions directly in the development and design of their programmes and in their implementation. The Conference urged United Nations system agencies and member Governments to explore the feasibility of enlarging the powers and the mandates of United Nations regional commissions and thereby avoiding duplication of activities by individual agencies of the United Nations system.

"The Conference observed that parliamentarians have a unique contribution to make in shaping the institutions and policies for a more interdependent world. These institutions need to be made accountable and governed in accordance with democratic principles. Parliamentary institutions should be more involved in the governance of these institutions. The new emerging global system should not be the preserve of the many technocracies that are proliferating in a technologically complex world. In this context, the forthcoming world conferences - the United Nations Conference on Population and Development (Cairo, 5-13 September 1994), the World Summit for Social Development (Copenhagen, 11-12 March 1995), the IVth World Conference on Women (Beijing, 4-15 September 1995) - have an important contribution in establishing global mandates. The Conference called upon national and international policy-makers to be alert to the needs and demands of people everywhere when shaping the new systems of global governance."

Service Justice and Peace in Latin America

[30 November 1993]
[Original: English]

1. Service Justice and Peace in Latin America transmitted the following information:

2. We express our appreciation for the efforts of the Commission on Human Rights to contribute to find alternatives to debt problem and the economic adjustment policies affecting most developing countries and the living standards of their inhabitants.

3. Therefore, we welcome the resolution and its respective paragraphs stressing the importance of alleviating the debt crisis of developing countries through various strategies in order to achieve a level of growth to enable them to enjoy a life with dignity.

Women's International League for Peace and Freedom

[23 November 1993]
[Original: English]

1. The Women's International League for Peace and Freedom transmitted the following information:

2. Our organization and several others held a Public Hearing on the Effects of the Policies of the International Financial Institutions on Civil, Political, Economic, Social and Cultural Rights and the Right to Development

during the World Conference on Human Rights in Vienna. Speaker after speaker described the negative consequences of debt, structural adjustment and related policies on the regions of the world (Africa, Asia, Latin America, and the former Soviet Union); on various population sectors (children, youth and students, women, peasants, indigenous peoples); and on the availability of and accessibility to human services (health, housing and education).

3. Below follow portions of the section on women (presented by representatives of the Asian Women's Human Rights Council and the Lutheran World Federation) to illustrate how debt and adjustment policies have caused undue suffering and dislocation, massive violation of all human rights, and de-development rather than development:

> "The development model pursued by many Third World governments is export-oriented, import-dependent and debt-driven. Creditor agencies, led by the International Monetary Fund and the World Bank, have imposed increasingly stringent conditionalities which have damaged women's lives and the environment. Structural adjustment has made life more difficult for women in the countries of the South. Cuts in health budgets have led to higher malnutrition among pregnant and lactating mothers, higher infant and maternal mortality rates, a rising proportion of high-risk pregnancies, babies with very low birth weight and signs of mental retardation, and increased prevalence of disease such as tuberculosis. As health services are cut back or privatized, women end up spending even more time caring for children and taking care of sick family members.
>
> Cuts in educational programmes usually affect adult literacy and schooling for girls, causing an increase in drop out rates and a decrease in school enrolment. Falling educational achievement further erodes the status of women and impacts negatively on family life, the education of children, health, and population control. Lack of child care and other social services, and increased transportation costs are further obstacles to women's access to education which make their lives more difficult. Cuts in civil service jobs have affected lower level positions most severely, causing job loss among women.
>
> For the majority of peasant and indigenous women, the multiple burden of food production and maintenance and reproduction of human resources has increased. Women have further lost control over food production and the right to use land as the stress on the production of cash crops has caused their dislocation. The increasing costs of agrochemical inputs due to devaluation and removal of subsidies for fertilizers and pesticides has greatly decreased women's productivity. Large-scale agribusiness and big extractive industries like mining and logging have displaced household, small subsistence farming economies which are the domain of women. From being producers, women have been transformed into consumers, leading to their pauperization.
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> The global trade in women and children for the sex and entertainment industries is a horrendous form of slavery. It is especially rampant in southeast Asia, where men from Europe, Japan, Australia and elsewhere frequent the many brothels and establishments set up to accommodate the tourists' kinky tastes. The promotion of tourism

has seen a rise of all forms of sex trafficking - prostitution, sex tours and mail-order bride businesses. The commercialization of women continues to grow due to more demand for sex shows and pornographic films and magazines. The flourishing sex trade leads to increased degradation, commodification and sexual violence against women. White slavery and the sex business are extremely lucrative for syndicates and bring in super-profits as well for travel agencies, entrepreneurs, and pimps. As might be expected, a dramatic increase of persons infected with HIV/AIDS is now taking place.

The effects on women of these policies defies the aims of the Forward-looking Strategies for the Advancement of Women adopted in Nairobi and all international instruments concerned with improving women's status. Structural adjustment and related economic policies engender denial, violation and abuse of women's rights. Among them are those covering foreign investment incentives that guarantee cheap labor and the absence of labor unrest, the establishment of industrial corridors, GATT provisions, the export of labor, tourism and the presence of United States or other foreign military bases.

In addition to an upsurge in domestic violence brought about by implementation of structural adjustment, economic and political unrest is a natural outcome of such policies. Unemployment, insufficient income, lack of housing and social services, and vulnerability to man-made disasters and natural calamities stir up political tension. To stem the political crisis and to protect their economic interests, local ruling elites and foreign interests work through governments and the military to incapacitate and silence population sectors clamoring for change and for genuine development. The unrest resulting from growing impoverishment meets with national security acts, 'total war' strategies, militarism and militarization. Women are among the targets of illegal arrest, torture, sexual abuse by military forces, arbitrary detention, summary execution, bombing, strafing, burning, looting, and forcible evacuation.

Both long-term systematic change and short-term approaches are needed to reverse the continued deterioration in living standards and quality of life and to ensure the future advancement of the people of the South. Short-term tactics include exerting pressure on the World Bank and IMF to find more equitable ways of easing the burden of adjustment. Ending IMF austerity measures that destroy the social and economic fabric of Third World economies is a cornerstone of any plan of action. This could come about through selective or total debt repudiation or through debt cancellation complemented by an alternative approach to lending that assists the poorest of the poor.

Pressures should be mounted against further reductions in social services and other key sectors that are vital to human survival. The burden of adjustment, whether in the industrialized countries or in the Third World, should be shifted to the unproductive sectors of the economy. Rather than slashing expenditures on health, education, agriculture and other basic infrastructure, cuts should be directed to the military and the top-heavy 'defense' sector.

Seeking better terms for the IMF or World Bank, 'capping' the interest rate, or tying debt service to export earnings are band-aid measures. Likewise, proposals that call for debt repudiation or 'forgiveness' or 'adjustment with a human face', while they do show concern for the poor, do not take the next critical step: they do not address the problem of the fundamental inequities and imbalances in the organization of world production, trade, and distribution of wealth, nor do they address the question of racial inequality and gender subordination. The premise underlying structural adjustment - the restructuring of the economies of the South to allow for further penetration of capital - is in direct opposition to policies that would favor the satisfaction of basic needs or growth with equity. Humanizing structural adjustment is a replay of the themes of growth with equity, or the 'basic needs strategies' of the late 1960s. These strategies did not work because they were flawed. They failed to recognize the basic fact that satisfying basic needs requires a fundamental redistribution of income both within and between countries."

World Young Women's Christian Association

[17 November 1993]
[Original: English]

1. The World Young Women's Christian Association transmitted the following information.

2. Lengthy and detailed analyses of the effects of structural adjustment policy and debt servicing on third world economies have been done by numerous academic institutions and other organizations. We, in this organization have also read these works. But more importantly, we have learnt from our practical experience of working amongst the working class, rural people and the poor in 56 countries of the third world, how debilitating the effects of these two phenomena are. They cripple any national development plans and impoverish more and more people. In such a situation it is extremely difficult to implement the development rights of people, let alone the basic right of shelter, education, health, etc.

3. The organization's Policy Statement on Development emphasizes equity, justice and inclusive participation (democracy). These are the principles which form the basis of the standard from which we criticize policies, and according to this standard the structural adjustment policy is definitely an antithesis of development. The strategy of encouraging debts while not improving the international trading system does not increase the productive capacities of the third world economies. Therefore, the international community needs to redefine its collective philosophy of development, and within that framework plan its financial institutions, economic practices and policies and development intervention programmes.

4. We urge the international community to renew the effort to search for a new international economic order. The Bretton Woods institutions were created 50 years ago and are inadequate to deal with the situations of today.

5. The international trade agreements and arrangements in their various forms have to be reviewed to ensure stability of the commodity market and currencies.

6. There is no short-cut to dealing with the debt crisis - even moratoriums only provide breathing space in the cycle of debt-structural adjustment policy-debt servicing more poverty - except to look for new ways of doing business.

V. OTHER ORGANIZATIONS

Environmental Development Action in the Third World

[9 November 1993]
[Original: English]

1. The Environmental Development Action in the Third World transmitted the following information:

2. The growing deterioration of the living conditions of those who are excluded from "modernity" in the developing countries should draw the attention of the international community to improve the economic environment. Our organization operates on the principle that the right to development is a universal and inalienable human right. Thus, the challenge consists in a concerted and rapid improvement of people's daily lives, notably those of the poorest people.

3. In paragraph 3 of the resolution, environmental needs should be included; this paragraph would then read: "Stresses the importance of alleviating the debt ..., to enable them to satisfy their social, economic, environmental and development needs."

4. We also believe that foreign debt and the repercussions of most of the structural adjustment programmes deeply affect economic and social development in many developing countries; these are indeed two mechanisms of generating poverty, of which the consequence is marginalization of hundreds of millions of the earth's people and leading to a chronic insecurity.

5. Our organization stresses the fact that the implementation of human rights, a sustainable environment and the fight against poverty are closely linked and cannot be dealt with separately.

Joint Conference Church and Development

[16 November 1993]
[Original: English]

1. The Joint Conference Church and Development stated that the Ecumenical Dialogue Programme "Development as an international social question" of its Joint Conference works on structural topics concerning North-South relations and attaches great significance to the still unsolved debt crisis and to economic adjustment policies. In the view of the Joint Conference, the policy of structural adjustment as pursued by the World Bank, IMF and many industrialized countries will have to be reshaped in order to promote all dimensions of human rights.

2. The organization drew the attention of the Commission on Human Rights to their study entitled Plea for Africa, and the Declaration adopted by the Advisory Commission for Development Affairs of the Evangelical Church in Germany entitled Human Rights and North-South Relations, copies of which are available for consultation with the Secretariat.

3. The following extracts are from the chapter containing conclusions and prospects for the future in Plea for Africa.

"One way in which the industrial countries can play their part is to remove the structural distortions in their own economies (e.g. subsidies), thus giving African countries more scope for economic activity. Of primary relevance here is the European policy on agriculture and trade. Structural adjustment is a global process in which the industrial countries are also directly involved. The developing countries have no means of pressurizing the industrial countries into playing their part in global structural adjustment as is inversely the case with the lever of indebtedness and the dependencies which thus arise. This asymmetry in the one side's capacity to exert influence on the other must be included as an issue in the debate on structural adjustment."

"The Western industrialized nations have numerous ways open to them in which they could provide support through economic cooperation for the development efforts of African countries, among others through:

- Improving of State activities through capital assistance on a grant basis. By their very principal, structural adjustment programmes should be aiming not simply to reduce State activity, but rather to improve it and focus it on strengthening people's ability to help and organize themselves and enhancing their creativity.

- Promoting agriculture through the creation of special credit issues, improvement in infrastructure and through local research activities looking at ways of improving domestic food supply, which should take priority over the forcing up of export production.

- Improving environmental protection and by making it an integral part of any economic policy or development activity."

"It is essential that NGOs and self-help movements, cooperatives, smallholders and farm workers' associations, church welfare groups and other social groupings are involved in the planning and implementation of adjustment programmes and development plans. Such groups see the primary and fundamental task of the development process in arousing the will of the people to help themselves, mobilizing and consolidating these resources of self-help. This is something the State cannot do. Complementary cooperation between Government and administration for the State and NGOs in society is therefore essential."

"This, our plea for Africa, is however, above all an expression of deep consternation at the ever worsening plight of the African peoples. Poverty, hunger, war, exploitation, flight, destruction of the natural environment, disasters; these are the words we use to describe their plight, to denote the immeasurable suffering of millions of fellow human beings, who, like us, have the right to a life of dignity and hope for the future."

The Arias Foundation for Peace and Human Progress

[16 November 1993]
[Original: Spanish]

1. The Arias Foundation for Peace and Human Progress transmitted the following information:

2. In order to achieve a world order which is stable in social, political and economic terms, it is absolutely essential that the rich nations should help the poorer nations. But international solidarity, which must be exercised between countries, is just one part of what must be an effort at all levels of human society. Much of what must be done in order to conceive a more secure, more healthy and more peaceful world begins at home, starting with the large and small national decisions involving the solidarity of those who have more with those who have little or nothing.

3. The international and regional situation for the Latin American of today is not very promising. At the present time, the non-developed countries have become net exporters of capital. This means that we are sending money to those who should be supplying us with the resources we need in order to save our forests and eradicate our slums. Those funds will have to be obtained, in very large quantities, from the over-exploitation of natural resources and the deterioration of the quality of life of most of mankind, those who live in the so-called third world.

4. Many of these resources are related to servicing of the external debt. In our Latin America, what the rich countries lent yesterday to a dictator they are charging a democrat for today.

5. Most of the Latin American countries, in view of the need to service the debt, have subjected themselves to adjustment processes at extremely high social cost and have been obliged to increase their export capacity at any cost, including that of the destruction of the environment.

6. It is essential that the developed countries should understand that, without our determined participation, it will not be possible to save the planet from the prejudicial effects of climate change and destruction of the ozone layer. Our cooperation cannot be truly effective as long as more than 1.3 billion people in the third world do not even have drinking water. Many of the resources necessary to save the planet from environmental and social disaster can be obtained by means of straightforward decisions.

7. We Latin Americans must continue working to improve the terms of international cooperation. But we also have an obligation to ensure that our peoples take advantage of the present situation of democratic consensus in order properly to define the type of development which we must promote. In Latin America, poverty is the product both of international inequalities and of national distortions and injustices. The plagues of militarism, corruption, dictatorships, inefficiency and others have caused as much dire poverty in our countries as could have been caused by the most hostile international conditions.

8. The development model which Latin America must choose is that which consists in making economic growth more equitable with the participation of the greatest possible number in the production of goods and services in the distribution of wealth.

9. Each Latin American people must build its own democratic institutional system, with autonomy and in keeping with its specific historical experience. Nevertheless, in this interdependent world of today, the most important problems have acquired a global character whose logical consequence is the integration of peoples in accordance with their cultural similarities and their community of interests.

10. To live in a democracy is the highest political aspiration of Latin American peoples. We have begun to achieve it and we must begin to consolidate it. Even in the darkest and most distressing moments of their history, our peoples have sought zealously to put into practice representative and pluralist political processes, and to promote respect for human rights, the sovereignty and territorial integrity of States, and the right of all nations freely to determine their political and social system.

11. Mutual financial assistance, the establishment of just terms of trade, openness to the exchange of scientific and technological knowledge, and mutual collaboration in the protection of the environment and natural resources are basic instruments for Latin American regional development.